



Ontario

***Alcohol and Gaming Commission of Ontario
Commission des alcools et des jeux de l'Ontario***

2001 - 2002

ANNUAL REPORT • RAPPORT ANNUEL • ANNUAL REPORT • RAPPORT ANNUEL

Alcohol and Gaming Commission of Ontario

2001 - 2002 Annual Report

MEMORANDUM TO: The Honourable Tim Hudak, MPP
Minister
Ministry of Consumer and Business Services

FROM: G.R. (Randy) Barber
Chair
Alcohol and Gaming Commission of Ontario

I am pleased to present the 2001-2002 Alcohol and Gaming Commission of Ontario Annual Report.

G.R. (Randy) Barber
Chair

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Message from the Chair

It is a pleasure to present the 2001/02 fiscal Annual Report for the Alcohol and Gaming Commission of Ontario (AGCO).

This year we have seen many changes to our organization and I am especially pleased that our Board, management staff and employees have all worked closely in a dedicated fashion to make it possible for operations in both the liquor and gaming areas to continue to be successful.

Our goal is to ensure the honesty, integrity and social responsibility of the alcohol and gaming industries through effective regulatory regimes that are fair for our clients and stakeholders - and are responsive to the public interest with special attention on public safety.

In this respect, through our hearing process, we held over 650 hearings last fiscal year where parties to the hearings (liquor licensees, gaming registrants and new applicants) had the opportunity to make their case before our Board members where the Registrar of Alcohol and Gaming issued a Notice of Proposal to refuse, revoke or suspend a gaming registration or liquor licence.

The Board has also conducted over 80 public interest hearings to determine eligibility for liquor licences where written objections have been filed against a new application or expansion of an existing licensed establishment.

As will be noted in this Annual Report, significant regulatory responsibilities have been transferred from the Liquor Control Board of Ontario to the AGCO. These include the control of liquor delivery services to the public and the framework around manufacturers' retail store authorizations for on-site and off-site winery, distillery and beer retail stores. You can visit our website www.agco.on.ca for more detailed information on manufacturers' retail store authorizations.

Our objective is to do even better in the months and years ahead with a focus on customer service and public satisfaction.

Respectfully yours,

G.R. (Randy) Barber
Chair

Message from the Chief Executive Officer

Over the past twelve months, the AGCO continued to focus on quality service delivery and improving public satisfaction while we assumed additional significant responsibilities for administering Ontario's liquor and gaming regulatory regimes.

In July of 2001, the AGCO assumed responsibility from the Liquor Control Board of Ontario (LCBO) for the regulation of liquor delivery services and authorization of manufacturers' on-site and off-site retail stores. As well, a number of amendments to liquor regulations were made to reduce red tape and increase administrative efficiency.

During the year, we completed posting on our website (www.agco.on.ca) comprehensive information about beverage alcohol and gaming requirements that we hope will be useful and informative to those interested and/or working in these regulated sectors.

A major accomplishment for fiscal year 2001/02 was the successful negotiation of a two-year collective agreement with Local 575 Ontario Public Service Employees Union, without any work disruption.

Another development was the establishment of a Sector Liaison Branch, which is responsible for maintaining close relationships with stakeholder associations, and to identify and monitor emerging trends, both in Ontario and other jurisdictions regarding alcohol and gaming policy.

We continue to focus on the public's expectation of efficient service that gives value for money. In assessing our customer's satisfaction we review a variety of feedback mechanisms including comment cards, website communications and complaints. By its very nature a regulatory agency will not be able to "satisfy" all its clients, however we expect to, and have achieved, at least an 80% satisfaction rating and strive for a higher level while maintaining the integrity of operations and preserving the public interest.

Overall, fiscal year 2001/02 was a period of steady progress in updating our electronic databases, strengthening our enforcement functions and working cooperatively and successfully with our licensees and stakeholders to ensure that Ontario's gaming and beverage alcohol sectors remain vibrant and operated in the public interest.

I would like to thank my colleagues for their efforts and dedication in making our four-year old organization capable of meeting the many challenges faced.

Duncan Brown
Chief Executive Officer

Mandate

To regulate the sale, service, and consumption of beverage alcohol to promote moderation and responsible use; and

To ensure that casino and charitable gaming is conducted in the public interest, by people with integrity, and in a manner that is socially as well as financially responsible.

Mission

Promote a supportive business climate through clear rules, streamlined procedures and options that allow for increased flexibility on the part of the industry.

Ensure a balance between revenue-generation, economic growth and development, and critical regulatory controls.

Emphasize front-line activities and make client service and satisfaction an integral part of operations.

Ensure that fairness to all partners and stakeholders is a major consideration in the development, application and enforcement of programs, policies and procedures.

Vision

To ensure the honesty, integrity and social responsibility of the alcohol and gaming industries through effective regulations which are fair, responsive and in the public interest.

Overview and Key Activities

The Alcohol and Gaming Commission of Ontario (AGCO) is a regulatory agency established February 23, 1998 under the *Alcohol and Gaming Regulation and Public Protection Act, 1996*. The AGCO reports to the Minister of Consumer and Business Services, and is responsible for administering the following:

- ☛ *Liquor Licence Act*
- ☛ *Wine Content and Labelling Act, 2000*
- ☛ *Liquor Control Act* (*Section 3(1)b, e, f, g and 3(2)a, d*)
- ☛ *Gaming Control Act, 1992*
- ☛ *Lottery Licensing Order-in-Council, 2688/93* (as amended)

Key Activities

Regulating Alcohol and Gaming Sector

Licensing and regulating Ontario's establishments that sell or serve beverage alcohol, as well as administering the Special Occasion Permit programme, delivered through designated Liquor Control Board of Ontario stores.

Licensing and regulating liquor delivery services; Ontario beverage alcohol manufacturers, their agents, and agents of foreign manufacturers; and brew-on-premise facilities.

Authorizing manufacturers' retail stores, which includes on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores ("The Beer Store").

Pre-approving beverage alcohol advertising.

Registering commercial suppliers and gaming employees of charitable gaming events, casinos, charity casinos, and slot operations at racetracks.

Administering, in partnership with municipalities, the regulatory framework governing the issuance of charity lottery licences (e.g., bingo events, raffles, and break open ticket events).

Licensing games of chance at fairs and exhibitions.

Approving and monitoring internal control systems, surveillance and security systems, and other operational systems for casinos, charity casinos and slot operations at racetracks for compliance with all regulatory requirements.

Testing, approving and monitoring slot machines and gaming systems.

Approving rules of play or change to rules of play for games of chance conducted and managed by the Ontario Lottery and Gaming Corporation.

Excluding persons from accessing gaming premises in the province of Ontario pursuant to the *Gaming Control Act, 1992* and its regulations.

Inspecting and Monitoring

Inspecting and monitoring licensed establishments to ensure compliance with the Liquor Licence Act and regulations.

Inspecting and monitoring casinos, charity casinos, slot operations at racetracks and charitable gaming events for compliance with the *Gaming Control Act, 1992*, its regulations and licence requirements.

Adjudication

Conducting hearings on proposed disciplinary action under the Liquor Licence Act and the *Gaming Control Act, 1992*.

Conducting hearings on Registrar's refusal to register or license under the Liquor Licence Act and *Gaming Control Act, 1992*.

Conducting compliance order hearings and hearings on the wine authority's refusal to grant an approval or suspend, revoke or refuse to renew an approval under the *Vintners Quality Alliance Act, 1992*.

Conducting public interest hearings to determine eligibility for, or revocation of liquor licences where the public files objections in response to a public notice advising of the request for a licence or amendment thereof. These hearings take place in the community where there is opposition to a proposed liquor licence or amendment to it.

Hearing interim suspension motions, in extraordinary circumstances, to determine if a liquor licence should be immediately suspended pending a full hearing if the Board concludes such an interim suspension is required in the public interest.

2001 – 2002 Operational Overview

Licensing and Registration

Liquor Licensees Licensed in the Province and Permits Issued

For Fiscal Years	2000/01	2001/02
Liquor Sales Licensed Establishments	17,074	16,947
Brew-on-Premise Facilities	569	627
Liquor Delivery Services	N/A	161
Manufacturers	142	148
Manufacturer Representatives	474	499
Total	18,259	18,382
Alcohol Beverage Advertisements Reviewed	6,135	6,058
Special Occasion Permits Issued	70,466	67,809

Lottery Licences issued by AGCO

Lottery Licensing: A total of 2,789 lottery licences were issued by the AGCO to eligible charitable or religious organizations to conduct and manage gaming events, including bingo, break open ticket and raffle events. The total number of lottery licences issued increased by approximately 15% compared to the previous year primarily due to the introduction of new bingo games.

For Fiscal Years	2000/01*	2001/02*
Bingo	1,323	1,828
Break Open Ticket (BOT)	757	679
Raffle	163	168
Social Gaming Events	114	108
Other (i.e., merchandise bingo, wheel of fortune & bazaars)	7	6
Total	2,364	2,789

*Municipalities issue most lottery licences.

Gaming Registrants

For Fiscal Years	2000/01	2001/02
CHARITABLE GAMING		
Bingo Halls, Gaming/Equipment Suppliers & Manufacturers	274	273
Break Open Ticket Sellers	6,601	6,632
Gaming Assistants	4,916	4,644
Sub – Total	<u>11,791</u>	<u>11,549</u>
CASINOS, CHARITY CASINOS & SLOT MACHINE FACILITIES		
Gaming Suppliers	2,909	2,931
Gaming Employees	16,547	16,927
Sub – Total	<u>19,456</u>	<u>19,858</u>
Total Registrations Issued	<u>31,247</u>	<u>31,407</u>

Investigation, Enforcement and Compliance

AGCO's Liquor Enforcement continues to focus their work with local law enforcement agencies on joint forces projects targeted at higher risk facilities and problem establishments identified in conjunction with local authorities. During this fiscal year, over 750 Notice of Proposals to Suspend and/or Revoke have been issued against licensed establishments throughout the province as a result of the joint forces projects and targeted inspections.

Over 29,000 electronic gaming devices, including slot machines, were tested this year without disrupting day-to-day gaming facility operations. This is an increase of approximately 7% from last year.

The AGCO approves gaming facilities, equipment and operations for compliance with all regulatory requirements prior to a public opening. Casinos, charity casinos and slot operations at racetracks are subject to regulatory requirements to maintain public confidence that gaming facilities are operated with honesty and integrity. These requirements include registration of suppliers and employees, and approval of rules of play, gaming equipment, slot machines, chips and tokens, internal control systems, surveillance and security systems, credit, record keeping, and recording of large cash transactions.

While maintaining service levels and regulatory oversight of Ontario's existing 20 gaming facilities, the AGCO staff facilitated the opening of 3 new slot machine facilities during fiscal year 2001-2002.

Ontario Gaming Facilities

Racetracks	# of Slots	Location	Open to Public
Clinton Raceway	100	Clinton	Aug. 26/00
* Dresden Raceway	100	Dresden	Apr. 20/01
Flamboro Downs Raceway	752	Dundas	Oct. 13/00
Fort Erie Racetrack	1,200	Fort Erie	Sept. 11/99
* Georgian Downs	401	Barrie	Nov. 29/01
Hanover Raceway	100	Hanover	Feb. 21/01
Hiawatha Horse Park	452	Sarnia	May 10/99
Kawartha Downs Raceway	380	Peterborough	Nov. 24/99
Mohawk Raceway	750	Milton	Aug. 12/99
Rideau Carleton Raceway	1,250	Ottawa	Feb. 18/00
Sudbury Downs Raceway	331	Sudbury	Nov. 28/99
Western Fair	307	London	Sept. 30/99
Windsor Raceway	750	Windsor	Dec. 18/98
Woodbine Raceway	1,716	Toronto	Mar. 29/00
* Woodstock Raceway	100	Woodstock	Jun. 22/01

Charity Casinos	# of Slots	# of Tables	Location	Open to Public
Brantford Charity Casino	452	45	Brantford	Nov. 19/99
Great Blue Heron	452	40	Port Perry	May 5/00
Point Edward Charity Casino	452	36	Point Edward	Apr. 20/00
Sault Ste. Marie Charity Casino	451	31	Sault Ste. Marie	May 24/99
Thunder Bay Charity Casino	452	14	Thunder Bay	Aug. 30/00

Commercial Casinos	# of Slots	# of Tables	Location	Open to Public
Casino Niagara	2,841	138	Niagara Falls	Dec. 9/96
Casino Rama	2,235	116	Orillia	Jul. 31/96
** Casino Windsor	3,311	108	Windsor	Jul. 29/98

* New gaming facilities

** Casino Windsor's interim casino opened May '94.

Operational Efficiencies and Highlights

Gaming Compliance

The compliance inspection function has been enhanced through standardized procedural guidelines and internal control questionnaires for use by compliance inspectors. These guidelines ensure a consistent and effective approach to assessing risk and degree of compliance with prescribed internal control requirements by gaming facilities.

Human Resources

A new collective agreement was successfully negotiated with the Ontario Public Service Union, Local 575, without work disruption.

The agreement covers the period January 1, 2002 to December 31, 2003.

AGCO Training Unit

The AGCO continues to provide, through its Investigation and Enforcement Bureau, gaming training to AGCO staff, and specialized cheat-at-play detection training to Bureau members and officials from other gaming jurisdictions across North America. The training facility is equipped with gaming tables, slot machines and a video surveillance system used to instruct in video taping requirements for court presentation. Since the opening of the facility, approximately 150 training sessions have been held.

OPP members seconded to the AGCO staffing this unit are specialized in games of chance and are certified as Trainers. These members also provide expert evidence for court cases and advice to AGCO staff and the AGCO Board on rules of play and casino games.

Bingo Review

The AGCO continues to work collaboratively with key bingo stakeholders that have established a bingo working group of charity and industry members seeking to maintain the viability of the bingo industry.

May 2001, the AGCO approved new progressive bingo games, which have raised approximately \$26 million in net proceeds for charities since the rollout. The progressive games allow for the prize to increase at each successive event until a specified limit is reached or until the progressive prize is won.

Break Open Ticket Review

A Break Open Ticket (BOT) Working Group has been established with representation from the major stakeholders in the BOT industry. This Working Group meets regularly to discuss issues of concern and to work together to maintain the viability of the industry and develop further options to assist in the growth of the industry.

Liquor Delivery Services

Effective July 3rd, 2001, the AGCO assumed the regulatory responsibility for the liquor delivery services from the Liquor Control Board of Ontario (LCBO). Liquor delivery services have been operating for decades and provide a convenient service to consumers. Anyone licensed by the Registrar of Alcohol and Gaming to operate a liquor delivery service has the responsibility to ensure that they are in compliance with the *Liquor Licence Act* and *Regulations*. Liquor delivery service licensees are prohibited from delivering to persons under the age of 19 years (they must ask for photo identification from anyone who appears under the age of 19 years) or intoxicated persons.

All liquor delivery services authorized by the LCBO prior to July 3, 2001 were required to apply to the AGCO for a licence by October 3, 2001. Over 160 applications were received and processed by staff this fiscal year while maintaining service levels to all other client groups.

Manufacturer's Retail Store Authorization

Effective July 3, 2001, the Alcohol and Gaming Commission of Ontario assumed responsibility from

the LCBO for the authorization of manufacturers' retail stores. This includes retail stores operated by licensed manufacturers such as on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores ("The Beer Store").

The transfer of responsibility also assigned to the AGCO control and supervision of related marketing methods and procedures, and the determination of the municipal location of these stores.

Since assuming responsibility for retail store authorizations, the AGCO has approved 14 new on-site

winery retail stores, which includes 9 grape and 5 fruit winery retail stores, 15 off-site winery retail store relocations, 8 new on-site brewery retail stores, and 4 new Brewers Retail Inc. (BRI) stores and 4 BRI store relocations.

First Nations Gaming

The AGCO has resources dedicated to liaise with First Nations organizations regarding gaming. Negotiations have concluded with 24 interested First Nations having been granted lottery-licensing authority comparable to municipal governments in terms of game types and prize levels.

Regulatory Update

The following are the highlights of regulatory changes made this fiscal year:

Alcohol and Gaming Regulation and Public Protection Act, 1996

In July 2001, the provincial government approved the following amendments to Ontario Regulation 141/01:

- ☛ To transfer responsibility from the Liquor Control Board of Ontario to the AGCO for manufacturers' retail store authorizations, which includes on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores ("The Beer Store").

Liquor Licence Act

In May 2001, the provincial government approved the following amendments to Ontario Regulation 719:

- ☛ To allow wineries who produce more than 10,000 litres of wine per year to establish a second on-site tied house (i.e., liquor sales licensed establishment). Wine tied houses are, for many wineries, a key element of the promotion of their products and wine tourism.
- ☛ To permit pari-mutuel betting machines in the licensed area of horse racetracks and teletheatres.

In December 2001, the provincial government approved the following amendment to Ontario Regulation 718:

- ☛ To allow the possession or consumption of liquor for research and educational purposes as part of a program in the study of the production of liquor at post-secondary institutions. The change will assist in improving the production and quality of Ontario wines and grapes and will benefit Ontario's winemaking and grape growing industry.

Board of Directors

The *Alcohol and Gaming Regulation and Public Protection Act, 1996* constitutes the AGCO as a corporation without share capital. It provides that the AGCO shall have a Board of Directors of at least five (5) members appointed by the Lieutenant-Governor-in-Council.

Chair:

G.R. (RANDY) BARBER

(Thomhill) – Businessman, former municipal councillor
February 1997 - March 2003

Part-Time Vice Chairs:

EVELYN DODDS

(Mississauga) – Former school board chair and municipal councillor
October 2001 – May 2002

ELAINE KIERANS

(Toronto) - Lawyer, bilingual
May 1998 - May 2004

JOEL KUCHAR

(Thomhill) - Lawyer
February 1997 - March 2003

JOHN ROSSETTI

(Woodbridge) – Chartered Accountant
May 1996 - April 2003

Members:

STEPHANIE BALL

(Whitby) – Lawyer, legal clinic executive director
September 1997 - September 2003

JO-ANNE BEST

(Lansdowne) – Businesswoman, former reeve
June 2001 - June 2004

ANNE GUILMETTE

(Welland) - General Manager in the hospitality industry, bilingual
March 1997 - March 2003

KIRSTI HUNT

(Sudbury) - Educator, bilingual
March 1997 - April 2003

BREEN KEENAN

(Sudbury) - Chartered Accountant
May 1999 - April 2001

WILLIAM LISKE

(Brampton) - Lawyer
August 1998 - August 2001

ELEANOR MESLIN

(Toronto) - LLB., former assistant deputy minister
November 2000 - November 2003

VAUGHAN MINOR

(Toronto) - Chartered Accountant and former municipal councillor
April 1998 - April 2004

DR. MARK POUDRIER

(North Bay) – President of consulting firm dealing with health care education
February 1997 - March 2003

R.T. (TED) SALCI

(Niagara Falls) – Broker/President of a real estate company, former member of the Police Services Board
September 2001 – September 2004

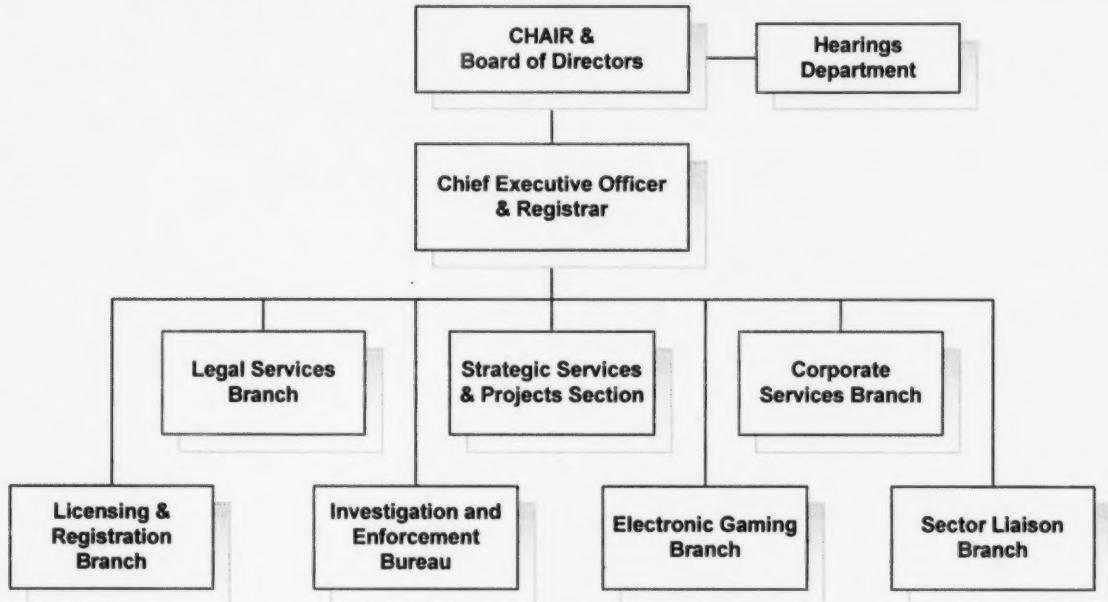
JEFFREY STEINER

(Toronto) - Lawyer, principal of venture capital consulting firm
November 2000 - November 2003

TERENCE YOUNG

(Oakville) - President of a consulting firm specializing in public policy
March 2000 - March 2003

Program Delivery



Chair and Board

The Board of Directors is responsible for strategic direction, accountability, and its duties under the Act.

The Board fulfills its governance role through regular meetings of the full Board and meetings of the Finance & Audit Committee and Human Resources Committee.

The Board conducts required appeal and disciplinary hearings under the *Liquor Licence Act* and the *Gaming Control Act, 1992*. The Board also conducts public interest hearings to review applications for liquor licences where written objections to the issuance of a licence have been filed.

Gaming-Related Hearings

For Fiscal Year	2001/02
Hearings	19
Decisions Issued	19

Alcohol-Related Hearings

For Fiscal Year	2001/02
Hearings	644

Type of Matter Heard

(i.e., Type of Notice of Proposal issued by the Registrar of Alcohol and Gaming):

Review Application	69
Revoke	222
Suspend	309
Refuse to Transfer/Renew	20
Conditions Removed	19
Conditions Attached	2
Other (includes disqualify premise, refuse special occasion permit, and refuse manufacturer licence)	3

Alcohol-Related Alternative Dispute Resolution

For Fiscal Year	2001/02
Number of Public Meetings pursuant to the <i>Liquor Licence Act</i>	84

APPENDICES

GAMING: Legal Framework

Criminal Code of Canada

The *Criminal Code of Canada* (the "Code") establishes what types of gaming activities are legal, and the provinces are assigned responsibility for operating, licensing and regulating legal forms of gaming.

Part VII of the Code prohibits gaming in general, while Section 207 (1) allows for a number of exceptions to the general prohibition. Specifically, it permits "lottery schemes" provided that they are:

- ☛ "Conducted and managed" by the province in accordance with any law enacted by that province;
- ☛ "Conducted and managed" by a licensed charitable or religious organization, provided that the proceeds of the lottery scheme are used for a charitable or religious purpose; and
- ☛ "Conducted and managed" by a licensed board of a fair or exhibition or by an operator of a concession leased by that board.

"Lottery schemes" are defined under the Code but do not include: three-card monte, punch board or coin table; book-making, pool selling or the making or recording of bets; and games operated through a computer, video device or slot machine, unless the lottery scheme is managed and conducted by the province (Sec. 207(4)).

Only the government of a province can conduct and manage a lottery scheme involving dice, slot machines or other computer devices.

Gaming Control Act, 1992

Gaming Control Act, 1992 (formerly the *Gaming Services Act*), which was proclaimed in February of 1993, provides for the regulation of gaming operations, suppliers and gaming assistants/employees of casinos, charity casinos, slot machine facilities and charitable gaming events.

Order-in-Council 2688/93 (as amended)

Order-in-Council 2688/93 (the "OIC") provides that charitable organizations may be licensed by either the Registrar under the *Gaming Control Act, 1992* (the "Registrar") or, depending on the type of charitable gaming event and the value of prizes to be awarded, a municipal council, to conduct and manage gaming events. The OIC outlines terms and conditions that apply to lottery licences. The OIC also provides that the Registrar may attach additional terms and conditions to any licences he or she issues, and that municipal councils may attach terms and conditions to licences they issue.

In order to qualify for a lottery licence, the organization must have a "charitable object or purpose". Charitable object or purpose is defined at common law and under the OIC as any object or purpose relating to:

- ☛ The relief of poverty;
- ☛ The advancement of education;
- ☛ The advancement of religion; or
- ☛ Any other purpose beneficial to the community.

Ontario is one of the largest charitable gaming markets in North America. The AGCO estimates money spent annually by the public on charitable gaming province-wide at approximately \$1.8 billion. Licensed charitable gaming in Ontario benefits thousands of local community charitable organizations. The AGCO estimates that charitable organizations in Ontario raised approximately \$290 million by holding licensed gaming events.

APPENDICES

2001 Estimate of Province-Wide Charitable Gaming Revenues

	GROSS WAGER	NET REVENUES	CHARITY PROFIT
Bingos	\$ 1,200,000,000	\$283,000,000	\$156,000,000
Break Open Tickets	\$ 438,000,000	\$144,000,000	\$ 57,000,000
Raffles	\$ 238,000,000	\$142,000,000	\$ 77,000,000
Total	<u>\$1,876,000,000</u>	<u>\$569,000,000</u>	<u>\$290,000,000</u>

Authority for Lottery Licensing

Municipalities are partners with the AGCO in issuing lottery licences.

The Order-in-Council provides municipalities with licensing authority for:

- ☛ Bingo events, including table board bingo, with prizes of up to \$5,500;
- ☛ media bingo events with prizes up to \$5,500;
- ☛ break open tickets for local organizations;
- ☛ raffles up to \$50,000 in prizes; and
- ☛ bazaar lotteries which include: wheels of fortune with a maximum bet of \$2.00, raffles not exceeding \$500, and bingo events up to \$500.

The AGCO is the licensing authority for:

- ☛ bingo events over \$5,500 in prizes;
- ☛ super jackpot bingo events;
- ☛ progressive bingo game events;
- ☛ social gaming events (i.e., table game event held in conjunction with a social event);
- ☛ raffles over \$50,000;
- ☛ break open tickets sold in conjunction with other gaming events;
- ☛ break open tickets sold by organizations with a provincial mandate;
- ☛ fairs and exhibitions; and
- ☛ lotteries held in unorganized territories.

The AGCO assists municipalities in exercising their authority by establishing the terms and conditions for each type of licence, providing direction regarding determining eligibility of organizations for licensing, as well as providing assistance with compliance and enforcement. Compliance staff handle many inquiries from municipalities seeking guidance on the interpretation of licensing policies and terms and conditions. In addition, compliance staff provides information and training sessions for municipalities, licensing officers, charities and suppliers.

First Nations Lottery Licensing

In 1998, the government approved a First Nations lottery-licensing framework, which delegates authority comparable to municipalities to individual First Nations. An Order-in-Council (OIC) is issued to each participating First Nation. The OIC provides First Nations with authority to issue licences to religious and charitable organizations to conduct lottery schemes.



The Alcohol and Gaming Commission is responsible for the regulation of casinos, charity casinos and slot machine facilities (i.e., slot operations at racetracks).

In accordance with the *Criminal Code of Canada*, the Ontario Lottery and Gaming Corporation is responsible for the "management and conduct" of the gaming operations at commercial casinos, charity casinos, slot machine facilities and the linked SuperStar Bingo game played at charity bingo halls.

Municipalities are partners with the AGCO in issuing lottery licences – the majority of lottery licences are issued by municipalities in the province – primarily to religious and charitable organizations for bingo and break open ticket licences.

ALCOHOL: Legal Framework

Liquor Licence Act

The *Liquor Licence Act* establishes the licensing and regulating regime for the sale or service of beverage alcohol in Ontario (except for retail sale to the public by the Liquor Control Board of Ontario).

Various classes of licences and permits are established including:

- ☛ licence to sell beverage alcohol;
- ☛ licence for brew-on-premise facilities;
- ☛ licence for liquor delivery service;
- ☛ manufacturers' licence;
- ☛ licence to represent a manufacturer of beverage alcohol; and
- ☛ permits for the sale and service of beverage alcohol on special occasions called Special Occasion Permits (SOPs). For example, cash bars at fundraising events, weddings and receptions.

The *Liquor Licence Act* also establishes the basic rules for sale and service of beverage alcohol:

- ☛ no sale or service to persons under the age of 19;
- ☛ no sale or service to persons who appear to be intoxicated;
- ☛ no sale of beverage alcohol before 11:00 a.m. or after 2:00 a.m. (unless otherwise stipulated);
- ☛ no sale of illegal beverage alcohol; and
- ☛ where beverage alcohol may be consumed (residence, licensed premises, private place).

The *Liquor Licence Act* and regulations provides for an inspection and enforcement regime to ensure that licensees and permit holders are in compliance with the law and regulations relating to the sale and service of beverage alcohol.

The Regulations under the *Liquor Licence Act* also allow for the review and approval of all advertising of beverage alcohol.

Liquor Control Act (Section 3(1)b, e, f, g and 3(2)a, d)

Effective July 3, 2001, the Alcohol and Gaming Commission of Ontario assumed responsibility from the LCBO for the following:

- ☛ To control the delivery of liquor to the public;
- ☛ To authorize manufacturers of beer and spirits and wineries that manufacture Ontario wine to sell their spirits, beer or Ontario wine in stores owned and operated by the manufacturer or winery and to authorize Brewers Retail Inc. to operate stores for the sale of beer to the public;
- ☛ To control and supervise the marketing methods and procedures in stores owned and operated by manufacturers and wineries referred to in the second bullet;
- ☛ To determine, subject to the *Liquor Licence Act*, the municipalities within which stores owned and operated by manufacturers and wineries (referred to in the second bullet point) shall be established or authorized and the location of such stores in municipalities;

- ☛ To establish conditions, subject to any regulation, with respect to authorizations for stores owned and operated by manufacturers and wineries referred to in item 2; and
- ☛ To establish conditions, subject to any regulations, with respect to authorizations granted with respect to the delivery of liquor to the public.

Wine Content and Labelling Act, 2000

The *Wine Content and Labelling Act, 2000* specifies that an Ontario winery can manufacture and sell wine in the province using imported grapes or grape products. The Wine Council of Ontario is designated by regulation as the body to determine the quota of Ontario grapes and types of grape to be purchased by Ontario wineries.

If an Ontario winery chooses to use imported grapes or grape products in manufacturing its wine, the content of each brand of wine manufactured by the winery must be no less than 30% Ontario grapes or grape product. The regulation also stipulates the need for wineries using imported grapes or grape products in their wines to supply the Liquor Control Board of Ontario with a copy of each order, bills of lading and, upon request, samples of any imported grapes as well as to demonstrate proof on request of the purchase of their Ontario grape quota.

APPENDICES

Financial Performance

The Alcohol and Gaming Commission of Ontario (AGCO) remits all revenues collected to the government's consolidated revenue account and operates within a separate budget allocation contained in the Ministry of Consumer and Business Services printed estimates.

In the fiscal year ending March 31, 2002, the AGCO managed all operating expenditures within its budget allocation.

2001/2002 Fiscal Year: Revenues and Expenditures

	FISCAL YEAR	FISCAL YEAR
	Apr 1/00 to Mar 31/01	Apr 1/01 to Mar 31/02
REVENUES		
Fees & Levies	\$ 568,306,872	\$ 573,168,982
Total	\$ 568,306,872	\$ 573,168,982
 EXPENDITURES		
Salaries and Benefits	\$ 29,044,939	\$ 30,248,865
Other Direct Operating Expenses	\$ 9,907,713	\$ 7,541,056
Less Recoveries	(\$ 1,662,170)	(\$ 2,401,501)
Total	\$ 37,290,482	\$ 35,388,420

Audit

The AGCO is subject to Ministry of Consumer and Business Services review and audit. In addition, the AGCO is subject to Provincial Audit and additional audits that the Minister may require.

